

Memorandum

To: Department Audit Liaison Officers

From: Theodore Woronka
Deputy Director, Office of Financial Management

Subject: FY 2002 Audit Follow-up Program Guidelines

This memorandum constitutes the Department's guidance for the FY 2002 Audit Follow-up Program, including the activities and timeframes necessary to comply with OMB Circular A-50, Audit Follow-up, and to meet the reporting requirements concerning implementation of Office of Inspector General (OIG) and U.S. General Accounting Office (GAO) audit recommendations for the Department's Annual Accountability Report.

The timely implementation of OIG and GAO audit recommendations is essential to improving efficiency and effectiveness in Department programs and operations, as well as achieving integrity and accountability goals. Therefore, the Office of Financial Management (PFM) will work in partnership with the Bureaus, PMB offices, OIG, and GAO to accelerate the implementation of audit recommendations and collection and offset of disallowed costs, to ensure that the Department achieves its GPRA audit follow-up performance goal.

The following summarizes the significant elements of the FY 2002 program.

1. Quarterly Status Report on Audit Recommendation Implementation Progress

In order to reduce the current backlog of unimplemented audit recommendations and achieve the annual GPRA performance goal for the Audit Follow-up Program, PFM will accelerate its monitoring and tracking activities for bureau audit recommendations. Bureaus will be required to provide detailed electronic status reports on implementation progress for each pending OIG, GAO and annual financial statement audit within 15-days after the end of each calendar quarter beginning with the quarter ending December 31, 2001. Bureau status reports should include a summary of audits closed and recommendations implemented during the reporting period, major accomplishments in implementing pending audit recommendations, and actions taken to collect and offset disallowed costs. Appropriate closure documentation should be forwarded to PFM at the same time. Where targeted implementation dates for pending audit recommendations have slipped, a concise statement of the reasons for the slippage and the revised target dates should be included.

Based on the quarterly progress information provided by the bureaus, PFM will prepare and forward a summary program progress report to the Assistant Secretary - Policy, Management

and Budget (A/S-PMB) within 30 days after the end of each calendar quarter. Any follow-up action on specific bureau audits will be at the discretion of the A/S-PMB.

■ **Mid-year Progress Meeting**

Bureaus will be required to participate in a mid-year progress meetings with PFM, PMB and OIG staff in May 2002. The purpose of the meetings will be to review program status and discuss and resolve other pertinent issues. Additional progress meetings will be scheduled as necessary by PFM.

■ **Mid-Year Department Audit Follow-up Status Report**

Based on the data obtained from the second fiscal quarter bureau status reports, and decisions and other information from the mid-year progress meetings, PFM will publish a comprehensive Audit Follow-up Status Report. The report will provide: summary data on bureau progress in implementing OIG and GAO recommendations and the collection and offset of disallowed costs; bureau-specific contributions to the achievement of the annual GPRA audit follow-up performance goal; and, brief narrative summaries of each pending audit. The report will be shared with the Secretary, A/S-PMB, IG, GAO and bureau and office heads.

■ **Monitoring the Achievement of the FY 2002 Audit Follow-up GPRA Performance Goal**

In addition to the interim calculation in the Mid-year Department Audit Follow-up Status Report, PFM will prepare quarterly calculations of bureau progress in achieving the FY 2002 GPRA audit follow-up performance goal. This calculation will be included in the quarterly program progress report to the A/S-PMB.

■ **PFM Audit Follow-up Program Liaisons**

Audit Follow-up Program oversight responsibilities for the bureaus are assigned to specific PFM staff members. PFM has found this approach improves customer service by providing “a single point of contact” for all bureau audit follow-up issues. The PFM Liaisons for FY 2002 are as follows:

Water and Science Bureaus	Debbie Smith	(202-208-3250)
Fish and Wildlife and Parks Bureaus	Ted Cross	(202-208-5251)
Land and Minerals Management Bureaus	Gordon Horwitz	(202-208-7317)
Bureau of Indian Affairs	Charlene Hutchinson	(202-208-3964)
Office of the Secretary /PMB Offices	Eddie Ray	(202-208-7954)
Office of the Special Trustee	Eric Eisenstein	(202-208-3417)

All Department/Bureau GAO Audits

Deborah Williams (202-208-3963)

A Time Table of Scheduled Actions for the FY 2002 Audit Follow-up Program is provided in Attachment 1 for your reference.

We look forward to your cooperation and assistance as we fulfill the Department's Audit Follow-up Program responsibilities during FY 2002. If you have any additional questions, please contact Wayne Howard or me on (202) 208-4701.

Attachment

cc: Bureau and Office Directors
Roger LaRouche, Assistant Inspector General for Audits

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Attachment 1

**FY 2002 Management Control Program
Schedule of Key Actions**

Action	Organization	Due Date
1. Issue FY 2002 Audit Follow-up Program Guidance	PFM	10/22/01
2. Report quarterly audit follow-up progress to PFM	Bureaus/Offices	1/15/02 4/15/02 7/15/02
3. Distribute new Management Control and Audit Follow-up Handbook.	PFM	1/15/02
4. Report quarterly progress to A/S-PMB.	Bureaus/Offices	1/30/02 4/30/02 7/30/02
5. Issue semi-annual data call on audit follow-up progress	PFM	3/1/02
6. Conduct mid-year progress meetings with bureau, OIG and PMB staff	Bureaus/Offices PFM/PMB/OIG	5/10-15/02
7. Issue semi-annual data call for audit follow-up progress reports	PFM	9/1/02
8. File semi-annual audit follow-up progress report with PFM	Bureaus/Offices	10/15/02
9. Year-end bureau management control and audit follow-up issue resolution meetings	Bureaus/Offices PFM/PMB/OIG	11/4-8/02
10. Year-end Department Management Control and Audit Follow- up Council meeting	Assistant Secretaries, SOL,OIG, Bureau Heads	12/06/02

